

Saimaa University of Applied Sciences
Business and Culture, Imatra
Faculty of Tourism and Hospitality
Degree Programme in Hotel, Restaurant and Tourism Management

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Managing a Hotel in Challenging Situations: Temporary Decline of Tourist Flow in Imatra Region

Thesis 2015

Abstract

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The main objective of this qualitative research was to find out from examples of local companies which crisis management strategies were applied during the challenging period of November 2014 – April 2015. Another objective was to learn the opinion of Russian customers about existing products and services in the region and investigate what could attract the tourists to the area even during the crisis. The main idea for the whole research process was to study the concepts of crisis and crisis management and to produce a thesis work about management in challenging situations and running a hospitality business in circumstances far from advantageous.

Such sources as literature, the Internet, articles, customer survey and interviews with managers were used to collect data for the thesis. The data was later interpreted through the use of qualitative analysis methods.

The final result of the thesis was that crisis management strategies must be considered and implemented in order to survive crises with minimum losses. The thesis showed that the recent challenges were almost totally unexpected by hotels of Imatra, which caused significant drop in their revenue and occupancy rates.

Keywords: management, crisis, hotel industry, marketing, Finland

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1 Introduction

The content of the thesis report will mainly be focusing on possible methods of managing a hotel business company in a tough situation. Starting from general information about the topic, going into details of management / leadership techniques, and going through how the managers of local hospitality companies have managed to implement them during the recent challenging period.

Chapter 1 is an introduction to the thesis and serves multiple purposes. At first, aims of the thesis will be clarified as well as delimitations and empirical questions of the research. Furthermore some details will be given about data analysis and data collection methods.

Chapter 2 will provide an overview of the recent situation in hotel industry in Imatra / Lappeenranta region. Its causes and consequences will be explained.

In chapter 3 the definition of crisis will be explained as well as its features and main types of crises in tourism industry. The reasons will be described and their characteristics will be analysed.

Chapter 4 is allocated for theoretical researches of such concepts as crisis management and crisis marketing. They will complement the information about crises given in chapter 3 and will eventually prepare readers for the hotel cases in chapter 5.

In chapter 5 there will be a short overview of chosen strategic courses and taken actions of four different hotels of the region: Holiday Club Saimaa, Imatran Kylpylä SPA, Center Hotel Imatra and Rento Hotel Imatra. Two first ones are really well-known and have been operating in this area for several years already, while the latter ones are small-sized, relatively new and are much less popular.

Chapter 6 will show the results of the customer survey which was intended to find out what could possibly attract customers to Imatra even during the challenging period. Also, some ideas about what products and services could be missing in this region will be given in the end of this chapter.

Chapter 7 is the final chapter of the thesis and it was added in order to summarize all the research findings into a conclusion.

1.1 Aims and objectives

All in all there are five major aims that the thesis is pursuing. First and foremost, the primary objective of the thesis was to research the concepts of crisis and crisis management and to see how well crisis management strategies were implemented in this region. Moreover, another objective was to compile all gained knowledge and know-hows into a source of clear reliable information about management and marketing in tough situations. The third aim was to find out decisions and taken actions of managers of the six hotels and to learn from their success or failure, as it is always better to learn on somebody else's mistakes. Another aim of the research was to conduct the customer survey and find out possible products and services that are still missing in Imatra / Lappeenranta area. The reason for doing this is quite obvious: the discovered products and services are able to attract additional customers and even customer segments, which is especially helpful in times of possible future crises. The final fifth aim of this thesis research is about helping local customers in coming out of the recession and negating harm from its consequences.

One of the secondary objectives that the author wanted to achieve was to make the thesis contents easy to read and understandable even to people not related to tourism business.

1.2 Delimitations

It was necessary to set limits for the work and research scope as the tourism industry is one of the biggest industries in the world and is growing so fast that more and more new trends and issues arise every month. Furthermore, the negative impact of reduced tourist flow was most noticeable in South Karelia due to its proximity to Russian border and lack of non-Russian tourists. That is why the research scope is delimited only to Imatra region where the consequences were more significant than probably anywhere in Finland.

1.3 Empirical questions

Here are presented the main research questions, the answers to which will be given in this thesis:

- What are known crisis management strategies?
- What are key success factors of operating a tourism and hospitality company in times of crisis?
- What could be the methods to prevent negative impact of unexpected challenges?
- What could be the recovery methods to normalise a company operations after the impact?
- What was done by the local companies?
- What are the customers' perspective and ideas about the recent events?

Recent political and economic situation has clearly shown how crucial it is to be prepared for unexpected things and to be able to change company's strategies and policies quickly and according to circumstances.

A company's revenue and whole future can be endangered if not managed properly during the tough period. Definitely local companies all used different ways of coming out of the recession, and the author will look at them from the perspective of crisis management.

1.4 Data collection

The data collection process will be divided into three major parts: a desk study about crisis management, a survey made among customers of local hotels, and interviews with managers of those companies. By doing so, the author will be able to look at the issue from different angles, and to understand better what exactly should be done by managers in order to stabilize the situation and to satisfy customers of their companies.

The desk study will be the biggest part of the thesis as the research topic requires deep understanding of various aspects of management. In this part the author will make readers acquainted with such concepts as types of crises,

models and theories of crisis management, etc. This part will be strictly theoretical and will make the contents of the thesis clearer to the readers.

Another method of gathering data will be a method which is widely used in qualitative researches – interviews. By interviewing managers of the four hotels the author will get relevant and credible first-hand information about the subject.

Besides the desk study and the interviews, one more qualitative method of collecting information will be used in this research – customer survey. The plan is to focus Russian tourists only, as the recession happened in general because there were not enough Russian tourists in the area. The sample size will not be too big (100 people). The process of conducting those surveys is autonomous and is implemented with the help of tourism agency MIG Travel in Saint-Petersburg, Russia.

1.5 Data analysis

Basically there is no convincing reason for the author to make any statistical research, as the main aim of the thesis is to find answers to rather immaterial matters, but not to deal with dry facts and numbers. The author is more interested in motives, opinions, and decision making, not simple collection of numerical data. Therefore, qualitative method is the best available method for this kind of research, and it will be used for the thesis.

The contents of the thesis are organised into topics, which simplifies the process of analysing the achieved information. The topics in their turn are divided into sub-categories in order to make easier the final interpretation of the research results and findings.

Even though a survey is going to be conducted, it will be done because of motives of a qualitative research; the sample size is relatively very small. The author's aim is to know about people's thoughts, decision making process and tendencies, and not to make any statistical analysis.

2 The recession period (Nov. 2014 – Apr. 2015)

The period from November 2014 until April 2015 was basically the main reason for choosing the topic for this thesis. The author could see with his own eyes how significant and sudden the drop of tourist flow was. Imatra as a border town is very much dependent on Russian tourists, because most of the infrastructure and companies in the area are focused on tourism and hospitality business, and most of the customers come from Russia. Because of recent decline of Russian currency and fewer Russians going abroad, companies in Imatra and Lappeenranta region had to struggle through the recession while taking financial losses, cutting expenses and reducing amount of employees.

2.1 Causes

If looking into the issue deep enough, we will see that the initial reason for the challenging period was in political turmoil caused by the Russian-Ukrainian conflict in 2014.

Worldwide community had different reactions on the actions of Russia on the Crimean peninsula. The USA was the main opponent of Russia in this issue and also the main agitator for economic sanctions against Russia planned to isolate it from the rest of the world economically and politically. Obama mentioned in his speech on 27 February 2014 that “there will be costs for any military intervention in Ukraine” (The Washington Post 2014). And the response of western community did not make Russia wait for long. Three rounds of economic sanctions were introduced, which in fact meant that there could be no more cooperation with Russia concerning different spheres of business; export and import agreements were cancelled, military agreements were cancelled, funding of different projects on territory of Russia was stopped, etc. (BBC 2014)

All these actions against Russian economy in combination with sharp worldwide decline in oil price led to a very significant drop of Russian currency – rouble. For example on 1 November 2014 euro cost 53.87 roubles, while on 16 December euro already cost 85.65 roubles (XE Currency Charts 2014). And those were the official rates, while in reality 1 euro could cost more than 110-120 roubles in the gravest period of Russian financial crisis (Rosbalt 2014). Of course,

most Russians preferred to save money and refrain from travelling in such a situation, which caused significant drop in tourist flow in Imatra / Lappeenranta Region.

Another reason that needs to be mentioned is that the region's infrastructure and overall tourism attitude is focused primarily on Russian customers, which made it too sensitive to events of such kind.

2.2 Consequences

Events of worldwide scale cannot have influence only on one specific country. Unfortunately, Finland was one of the countries that suffered from implemented sanctions. Luckily, the damage was not big enough to have any real impact on Finnish economy.

However, certain industries including tourism industry had to face consequences of the sanctions and Russian financial crisis 2014-2015. Here are listed main consequences for the Finnish economy (Finnish Ministry of Finances 2014):

- Food exports fall to ~25% of the normal (biggest impact on dairy sector)
- Other exports fall by 14%
- Slight increase of unemployment by 0,2% by the end of 2015
- GDP reduced by 0,1%

If talking about tourism sector, Russians are the biggest group of customers for accommodation facilities in Finland. Also it needs to be kept in mind that South Karelia is very much dependent on Russian customers and does not have other big customer segments (except for Finnish tourists) as do, for example, Helsinki or Rovaniemi. It is almost impossible to attract big amounts of foreign customers to this region in order to compensate lack of Russian tourists due to several reasons, main of which are: location of the region, no major airports or seaports in the vicinity, and no outstanding attractions in the surroundings.

Graphs and statistics can show that overall in Finland the situation for tourism business was not so difficult, while in reality regions neighbouring with the Russian border suffered much more than coastal or northern regions.

Nevertheless, even from such statistics and graphics it is possible to see negative tendencies in Finnish tourism industry in 2014.

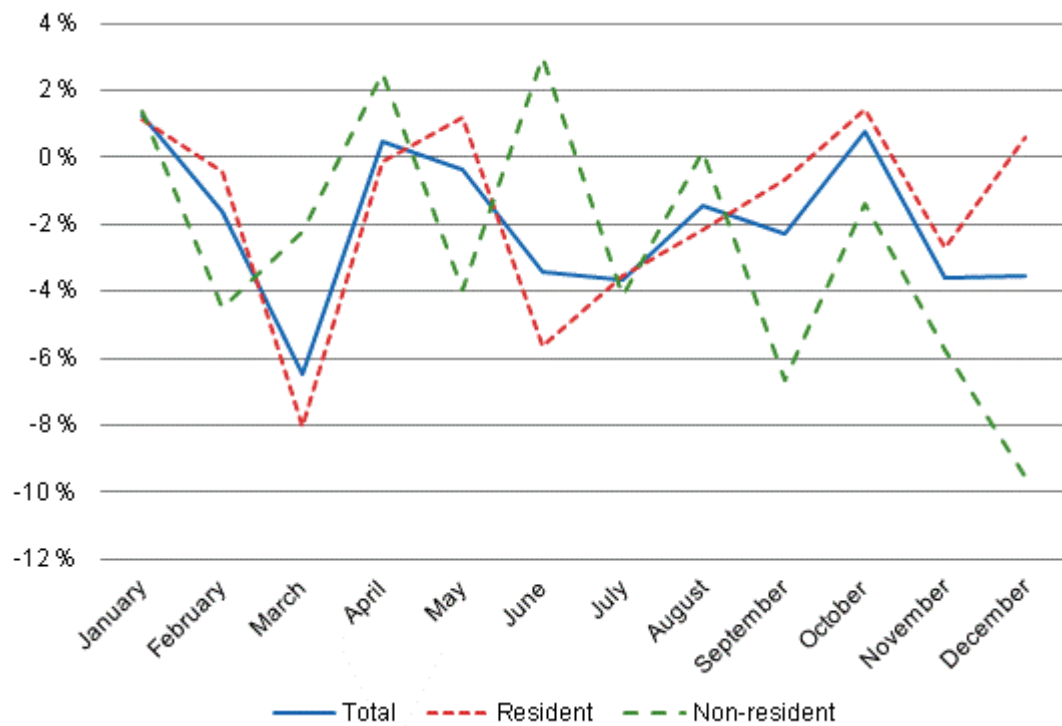


Figure 1. Monthly changes in nights spent (%) in 2014 (Statistics Finland 2014).

As you can see from this graph, November was the month when the sharp decline of non-resident tourists flow became especially noticeable. According to the Finnish database of statistics, in 2014 the drop of foreign tourist overnight stays was 2.6%, while the domestic demand declined by 2.1% in comparison with 2013. In 2014 Russians recorded 1.3 million overnight stays, 17.3% less than a year before, accounting 23% of all stays by foreign visitors.

Further on since November 2014 the situation for hotel industry in Finland was getting worse each month as the financial crisis in Russia grew in strength. Some of the interviewed hoteliers mentioned a “little bit easier” situation during Christmas and New Year period, but it was in general because of massive pre-bookings by Russian tourists. The foreign customers’ arrival tendencies showed a downward trend again in the beginning of 2015.

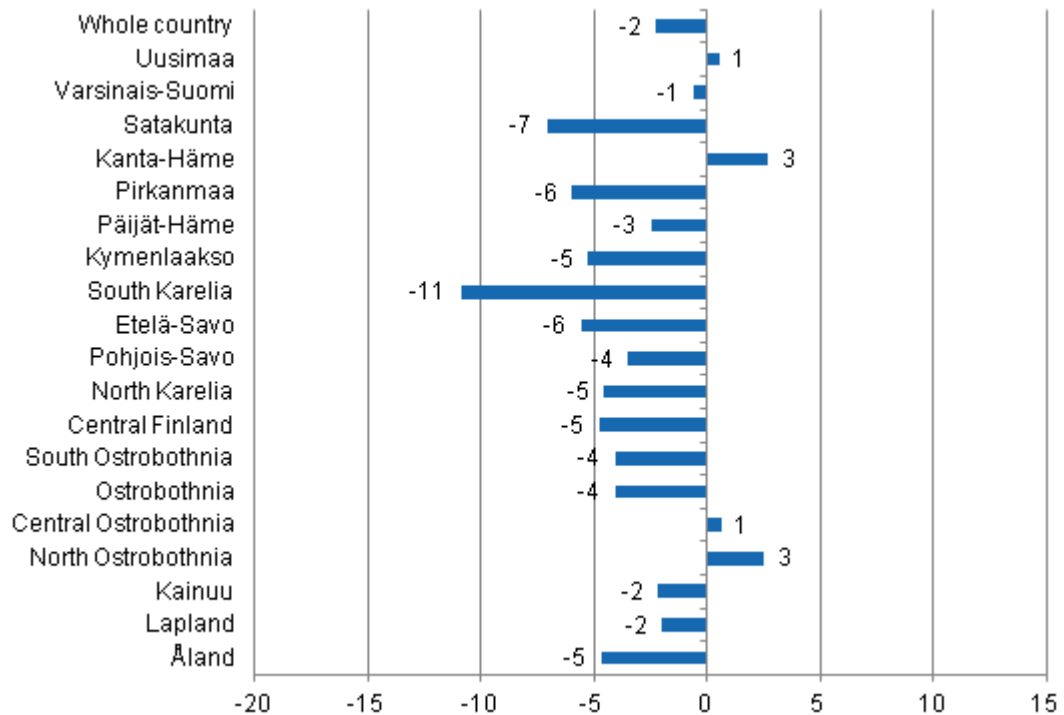


Figure 2. Change in overnight stays by region 2013 / 2014,% (Statistics Finland 2014).

This graph visually shows that South Karelia happened to be most vulnerable to the recession with about 11% drop in overnight stays. This once again proves what has been said in the section about causes of the recession: South Karelia suffered more than other regions by the reason of its focused orientation towards Russian customers.

3 The concept of crisis

Crisis is a very complex concept, including many different variables of probability, damage for a company or an organization, reasons of occurrence, consequences etc. If looking at the issue from this point of view, one can state that the risk of a critical situation coming cannot be absolutely eliminated, and it must be anticipated and forecasted in order to be prepared for challenges and unknown outcome for the business.

In understanding the nature of crisis it is necessary to consider not only its reasons but also consequences: an organization can face collapse or “reincarna-

tion”, can either find a way out of the situation or provoke another crisis, as they show tendencies to spring up a chain of reaction and initiate consequential crises.

3.1 Definitions and clarifications

Scientists still cannot find a common point of view about what can be called a crisis, and numerous opinions and findings exist. After analysing many similar interpretations of the subject, the author came to the conclusion that a situation can be called a crisis when at least three conditions are met:

“a triggering event causing significant change or having the potential to cause significant change; the perceived inability to cope with this change; and a threat to the existence of the foundation of the organization” (Keown-McMullan 1997, p. 4)

However, despite the fact that crises are dangerous for business, they are sometimes regarded in long-term perspective as positive events. Examples of events of such kind will be given throughout the subchapters below.

Before going through the subject of crisis and crisis management it is important to learn the difference between several similar concepts that are often being confused with the concept of crisis: risk, emergency (Henderson 2007, p.3) and disaster (Red Cross Federation 2015).

- Risk pertains to latent, rather than actual, individual or sets of conditions which can become crises.
- Emergency is another term similar to the term crisis, but it refers to a less serious and more easily managed event or threat.
- Disaster is a calamitous event that brings grave consequences to a community or society making it incapable of coping with the situation with their own resources. Though often caused by nature, disasters can have human origins.

3.2 Reasons and consequences of crises in tourism industry

As one of the biggest and most rapidly growing industries in the world, tourism is exposed to dangers and crisis situations much more in comparison with other

businesses. It is so primarily because of its complexity and network-alike structure. Tourism business provides product that is the result of cooperation of several organizations, and if one part of the system becomes endangered by any threat, associates of that culprit company might face negative consequences in equal (or greater) measures. Networking is a crucial part of successful operation of a tourism-related company, which may be the reason for compelled exposure to potential risks if any element of the system starts malfunctioning or stops working at all.

There are numerous internal and external reasons of different kinds that can hinder or stop development and functioning of tourism industry. Due to the fact that this research is of qualitative nature, classification by the reason of crisis, in the author's opinion, suits best to fulfil the set objectives and to answer qualitative research questions "Why" and "How". Before moving on to the next chapter it is needed to distinguish different types of crises, their effects on tourism industry, and their characteristics, as this can be of great use when planning a crisis management or recovery campaign.

Nevertheless, it needs to be kept in mind that even though crises can be labelled and put into categories, each and every case of a crisis in tourism business needs to be analysed and approached individually.

Generalizations may be misleading as tourism crises display a remarkable range and variety, states Joan Henderson (2007, p.3).

3.2.1 Economic crisis

Because of this simple fact that the tourism industry's domain revolves within the economic sphere and is directly dependent on the level of economic development, it is certain to say that the better the economic situation is, the more sustainable and safe the tourism industry grows. And vice versa, the worse the economic circumstances get the more risky and hazardous operation of a tourism-related company becomes.

"Economic circumstances in generating and receiving countries help to shape flows of tourists and their spending patterns and the nature and speed of development, which also react to general economic movements. Such economic

forces may operate to create both opportunities and problems for the tourism industry, certain of the latter having the potential to evolve into a crisis". (Henderson 2007, p.17.)

There is a connection between main indicators of economic success of a country (GDP, unemployment rate, PPP, etc.) and the level of development of tourism industry. Martin Buck states in his book that there is a correlation between GDP growth and travel activity, which can be measured by number of trips or number of travellers. Both dimensions seem to be connected by a time lag. (Conrady & Buck 2010, p. 24.) This idea finds support and development in the words of Joan Henderson who also mentions that there appears to be a close relationship between economic prosperity and buoyant market (Henderson 2007, p. 18).

Main and the most important effect of an economic crisis for tourism industry is the significant decrease of purchasing power parity of potential customers, which can have different results on an organization depending on the company's type and its scope of business. For example, cheap and low-budget products and services such as hostels or low-budget airlines will get additional customers and income, while demand on luxury and especially expensive products like haute cuisine restaurants, private property abroad and five star hotels will decline significantly during an economic crisis.

However, reasons for probable collapse in tourism industry can come from any direction, as the range of risks that the tourism industry is exposed to is really broad. Inflation, recessions, taxation, and other external causes of economic crisis can be supplemented by internal factors like rising costs, falling revenues and unprofitability of a company (Henderson 2007, p. 5).

A good up to date example of a crisis in tourism industry is the recent collapse of Russian tour operators, which was caused by the financial crisis in Russia described in the chapters above. In the end of 2014 – beginning of 2015 numerous Russian airline companies abandoned dozens of flights abroad, and even such giants of the market as core tour operators like "Neva", "Versa", and "Solvex-Tourne" ceased to exist. The crisis came so abruptly that thousands of

tourists were left in foreign countries without a chance to check into their hotels and without a ticket back home. (RBC news 2015.)

3.2.2 Political crisis

The first and probably the most notable feature of this type of crisis is that the negative impact that follows events of such kind comes only from external threats. There are no threats of political character within the tourism industry itself, but the negative impact caused by external threats can cause serious damage to tourism infrastructure. The range of the threats is really broad and their variety is usually affected by actions and decisions on local, national and international political arena.

In other words, political crisis can be caused only when the balance in political stability has been disrupted. But how can political stability be defined? The author allowed himself a little freedom and defined political stability in the following way: political stability is the state of political system of a country when balance in such domains as civil peace, national identity, and interests of the country's citizens and structures can be reached legally and by using mechanisms prescribed by the law.

Nevertheless, political instability, which is self-evidently the opposite of what has been defined above, cannot be regarded as a reliable indicator of crisis probability. Mainly it is because of the fact that even countries with high level of political instability can still have ongoing tourism processes. Example of this kind of situation could be Israel, which has got permanent political and even military conflicts with Palestine, but manages to remain an attractive tourist destination. Egypt, on the other hand, has gone through political distempers in 2011 and 2013, but, in comparison with Israel, with much more significant damage for the tourism industry.

"In 2010, before the political crisis, almost 15 million foreign tourists visited Egypt, officials said; in 2013 the figure fell to 9.5 million. Most of the visitors these days are beachgoers who avoid Cairo and other cultural destinations, limiting the reach of the money they spend. But the resort business is under threat, too, after the attack on the bus in Sinai, which was quickly followed by travel warnings from several European countries." (The New-York Times 2014.)

All together there are 28 instances of political instability distinguished and defined by Seddighi, Nuttall and Theocharous (2001, p. 185). The list includes perilous to tourism events of different levels of gravity, such as: terrorism threat or terrorist attacks, war-related issues, political changes or changes in political structure, riots, revolutions, etc. All these events are detrimental to tourism economy and scare off large amounts of customers.

“Many tourism crises which are political in origin also demand political solutions, at national and international levels, and this influences their evolution and resolution. It also acts as a constraint on the formulation of industry responses and their efficacy.” (Henderson 2007, p. 46.)

Another example of political crisis affecting tourism could be the Thailand political crisis events of 2013-2014, when military forces had to guard the tourism industry and regulate the situation, caused by protests and demonstrations. The tourism industry itself did not have any grave consequences, even though dozens of people were killed during the period, but opportunities for growth in 2014 were missed completely. (Deutsche Welle 2014.)

3.2.3 Socio-cultural crisis

Tourism industry has marvellous characteristic of making representatives of different cultures cooperate with each other so their fellow countrymen could go abroad to enrich their cultural knowledge or because of business or leisure reasons. But due to certain factors like cultural difference, differences in religion or/and value system, and other variations of “obstacles”, socio-cultural crises can occur and grow in strength if not controlled and managed properly.

Also it needs to be remembered that this type of crisis embraces really broad scope of potential risks, causes, and consequences. What makes it even more complicated to resist socio-cultural crises in tourism is that negative aspects of social crisis are being reflected and strengthened by threats of cultural crisis, which affects spiritual and moral, labour, ethic and ethnic issues within society and, consequentially, within tourism industry.

“Since a cultural crisis is the negative counterpart of cultural integration, it follows that the former involves the disintegration, destruction or suspension of some basic elements of sociocultural life” (Bidney 1946, p. 536).

Socio-cultural impacts range from mild and severe, internal and external, but in any outcome damage to the tourism industry will be dealt, and measures will have to be taken. The causes of this type of a crisis are the following (Coast Learn 2012):

- change of local identity and values
- culture clashes
- crime and social unrest
- physical influences causing social stress
- deteriorating work and employment conditions

Cultures are different and there is no surprise in misunderstandings between them and sometimes even hostility towards representatives of other nations, but the problem may further be easily aggravated because of additional variables like economic inequality, behaviour of tourists (e.g. Magaluf, Lloret de Mar, etc.), stereotypes and prejudices, and friction at work places (foreigners with better education on top positions, while low-educated locals on lower positions). And the bigger the difference between cultures, the more difficult it will be to cope with socio-cultural crises caused by them.

Tourism, as the power having immense social, cultural, and economic level of influence can affect local cultures both positively (reduction of unemployment, growth of welfare, intercultural communication etc.) and negatively. Therefore, tourism can work both ways, and sometimes be the solution to socio-cultural problems.

“The tourism development process may itself trigger crises due to socio-cultural conflicts between tourists and locals. While the industry is the author of such tensions, it is also the source of solutions to the underlying problems and can act to prevent potentially difficult situations from evolving or stop them deteriorating into crises.” (Henderson 2007, p. 81.)

Example of a socio-cultural crisis related to crime and social unrest is the 2014-2015 events in Baltimore and Ferguson, US, caused by the shooting of an Afro-American by a police officer. This case shows perfectly clear how dangerous and destructive can be the consequences of a mistreated socio-cultural crisis. Travelers were advised to stay away from those places for the sake of safety,

which has led to significant negative outcome for the tourism industry in Baltimore. (eTN Global Travel Industry News 2015.)

3.2.4 Environmental crisis

It seems plausible to say that nowadays much more attention is paid to environmental issues than before, and the main reason for this is growing level of threat of the global environmental crisis.

It is sad to state but human is the only species on planet Earth that is wholly responsible for numerous man-made ecological disasters and massive total extinction of flora and fauna species. What makes the situation even more hopeless is that scientists do not even know how many species inhabit the planet, and how many of them exactly are being under total or partly extinction (WWF 2015). The figure below shows approximate estimation of extinct species in connection with growth of human population.

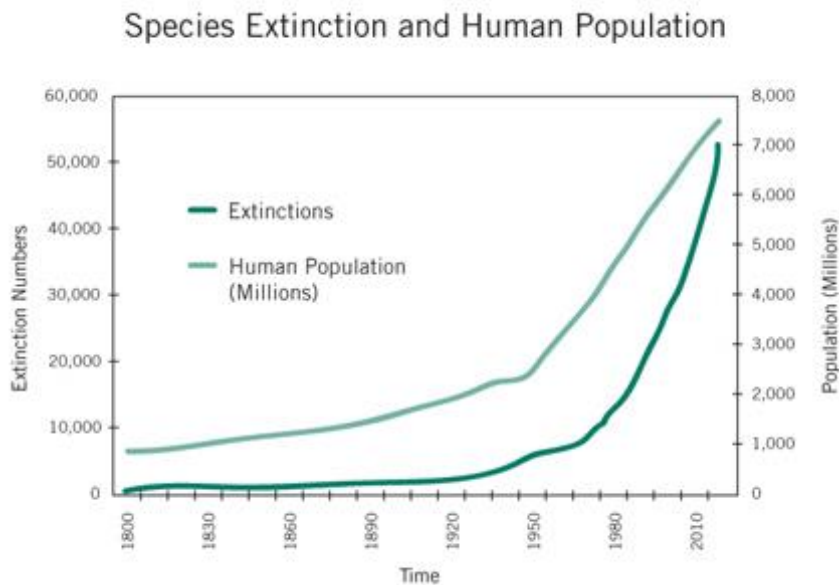


Figure 3. Species extinction and human population. (Scott 2008)

A terrifying fact about the current state of ecology is that due to human activity hundreds of species cease to exist even before they can be identified by scientists. New forms of life are being discovered on practically monthly basis (Live Science 2015), but some experts believe that there is a grim possibility that 30-

50% of all nowadays known species will face possible extinction by the middle of this century (Thomas et al. 2004, p. 145-148).

How could environmental crisis be defined? According to Reimers, USSR zoologist and ecologist, environmental crisis is a state of tense relationships between the human and the nature, characterised by difference in development of production rate in human society with ecological and resource potential of biosphere (Grandars Electronic School 2015).

As Polyakov states (2004, p. 62), the characteristic features of an environmental crisis can be shortly listed as follows: “greenhouse effect”, depletion of ozone layer, activation of planetary geological forces, change of landscapes, pollution of the World Ocean, and extinction of flora and fauna species.

In the same article Polyakov has defined three groups of possible causes of an environmental crisis which are:

- scientific-technical - lack of resources, excess of industrial waste, energy crisis
- biological and psychological – uncontrollable growth of population, increasing demand, technocratic way of thinking (humanity is the king of nature)
- socio-cultural – social factor (commune requirements from nature much bigger individual needs), international politics

Basically all aspects of daily human life cause some amount of damage to the environment, and tourism is included into the list of probable major threats to nature, its ecosystems and biodiversity.

“Critics condemn the industry as an exploiter and consumer of nature and have become increasingly vociferous, arguing that the existing scenery of land and water has been obliterated in order to construct tourism amenities and infrastructures” (Henderson 2007, p. 88).

Relationships between tourism and nature are complex and influence different aspects of human society and the level of sustainability and “healthiness” of

nature. Tourism development itself can cause deterioration of stability in destinations' natural ecosystems. But this connection works both ways, and not only tourism can be the reason for problems in nature, but also natural disasters cause disturbing situations in the tourism industry.

Catastrophes of natural origin like earthquakes, tsunamis, hurricanes, etc. cause immense damage to the destination image and infrastructure, stopping or significantly reducing flow of tourists, who in general tend to choose safer destinations.

The first example of an environmental crisis affecting tourism industry that comes to the author's mind is the 2004 tsunami in South-East Asia, which is the eighth deadliest natural disaster in recorded history that took away lives of more than 280,000 tourists and locals (CNN international 2005). Images as tourist destinations of Thailand, Indonesia, Sri-Lanka and the Maldives were severely impaired, tourist infrastructure including entire hotels was totally destroyed, and immediate crisis management actions had to be taken. They will be described in more details in the next chapter dedicated to crisis management.

3.2.5 Technological crisis

As one of the main reasons for ecological crises, technological challenges are another type of potential danger for tourism industry.

Since the mankind entered the era of scientific progress and swift development of technological matters the scales and frequency of technological crises and catastrophes became comparable to environmental disasters and military conflicts. These technological crises have far going negative consequences and can influence local industries, economy and ecology, as well as foreign countries depending on the gravity of events. The scale of such events can vary greatly. From small and almost unnoticeable technological threats to dangers of such scale that can immediately draw worldwide attention.

However, it needs to be said that without technological progress the tourism industry as we know it today would be simply nonexistent. Basically all products

and services offered by the modern tourism industry can be created and delivered to customers only with the help of technologies.

“Modern technology offers advantages of greater efficiency and cost savings. Sophisticated information technology systems allow the rapid communication of information and the building of strong relationships among suppliers, distributors and markets. Advances in transport technology have facilitated the development of modern mass tourism, allowing more people to travel further than ever before, and many leisure attractions are technology based. Building technology has also allowed the construction of impressive new amenities to serve tourists and the industry.” (Henderson 2007, p. 124.)

Another important thing to remember is that technologic crises occur not only because of technology itself but they also can be caused by those responsible for its implementation and operation. It means that tourism industry, as one that unites millions of people of different level of education and working skills, is especially vulnerable to technological crises and failures.

We all remember Chernobyl as the most serious nuclear accident in the history of mankind. From the reasons of it (World Nuclear Organization 2015), it looks like the disaster could have been prevented by simple methods: careful revision of current state of things and production process, and adequate training of personnel. These simple actions could avoid the Chernobyl’s catastrophe and range of negative consequences for all aspects of human life and industries’ well-being, including the sphere of tourism.

“Technological problems require technological solutions and investment in systems and staff to ensure efficiency in operations and the prompt identification and speedy repair of faults before they evolve into major crisis” (Henderson 2007, p. 138).

Same methods of technological crisis prevention are used in the tourism industry as well, which will be described in the next chapter. Luckily, technological crises do not always mean fatalities and causes for grievance. Virus attack on a hotel computer system can also be considered a technological crisis but of different character. However, in modern world operating a company without any electronic means seems really difficult if not impossible, which means that even such inferior problem can cause huge damage to a company and its reputation. Generally saying, tourism industry is full of possible threats connected to technological failure and crisis: means of transportation, architectural structures,

electronic systems, fire and other types of hazards, etc. Certain consequences caused for example by external sources of threat cannot be avoided, but at least organizations can be prepared to face them, while problems within those companies can be regulated by using various crisis management techniques.

3.2.6 Organizational crisis

This last category of probable crises in tourism industry is described in this section and it has its unique feature. Organizational crises, as it is self-explanatory from the name, occur within organizations but at the same time can be caused and/or aggravated by external factors such as another crisis or simply an unfortunate situation.

Organizational crises include a broad range of preceding signs and reasons for crisis to occur. In this figure below Mitroff categorizes types of corporate threats and presents them in a very comprehensible format.

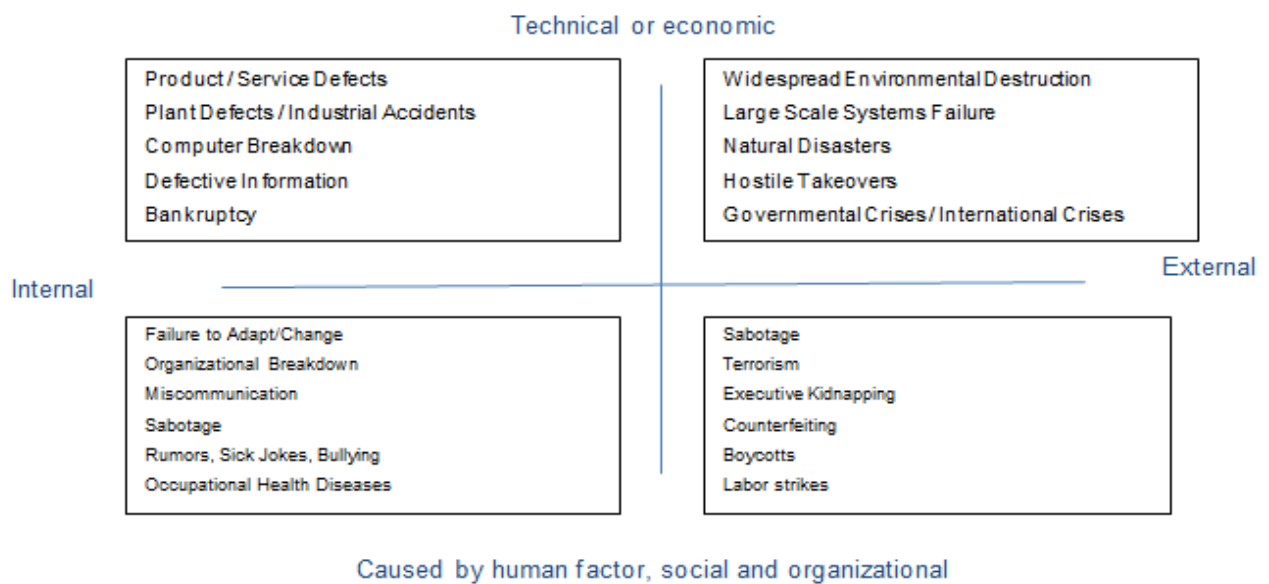


Figure 3. Different types of organizational risks. (Mitroff et al. 1988, p. 86)

Threats in organizational crises can reveal themselves in forms of drop in quality or quantity of production, violations of technological instructions and discipline, large debts, etc. It can be said that organizational challenges are the most common of all tough situations, as the scope of risks includes not only internal

problems but also negative effects of all possible crisis domains: environmental, economic, social, political and technological.

Economic system has direct influence on the tourism industry and organizations operating within it; they cannot be absolutely independent of the state of economy and its growth or decline. Consequentially this affects organizations which all act in different manner and struggle through certain situation with contrasting results: some companies simply become eliminated, others survive the crisis with different levels of damage, while few out of many companies manage to use the situation in their favor for at least some temporary period.

Nevertheless, it can be so that the economy is in its normal or even developing state but despite all favorable conditions organizations may be going through deep organizational crisis. In this case the reasons for such oddities could be internal factors such as wrong decisions on top level, obsolete technologies, ineffective structure of work and low productivity, unsuccessful marketing communication or some sort of conflicts.

A great example of severe organizational crisis is the case of Polaroid, which was the giant of photo equipment market in the seventies, but faced bankruptcy in 2001. One of the main reasons for this could be the organization's unwillingness to look into future and adapt to quickly changing market affected by development of digital technologies.

4 Crisis management

Throughout history many events and crises of different kinds tested and polished various techniques of crisis management. Smaller regular threats like natural disasters, specific laws and regulations, crime, and numerous major crises like The Great Depression, WWI and WWII had their own role in development of this subject.

Consequences of a crisis are closely related to two factors: its reasons and the ability of a company to control the process of the crisis development. A crisis's aftermath can lead an organization to sudden positive or negative result or to a

mild, controllable and successful way out of the crisis. Different crisis consequences are defined not only by the nature of challenges, but also by the methods of crisis management, which can either weaken or strengthen effects of the crisis.

The ability to manage some crisis situation depends on the organizational aims, professionalism and expertise of the manager, level of responsibility and commitment to work among employees of the company, and many other different factors which will be analysed in this chapter.

Also, readers will be introduced to the concepts of crisis life cycles and related definitions and features. In the end of the chapter crisis marketing techniques will be described.

4.1 Crisis life cycle

In order to have bigger chance of making right decisions during crisis management decision making process managers should know concepts of managing their company in crisis situations. One important basic concept is the crisis life cycle model, which represents different stages of crisis development, and also provides some insights about what should be done by organizations in some dangerous situation.

All crises follow similar stages of development – from symptoms to aggravation and crisis itself. As Coombs states (2007, p. 15), three most popular concepts of crisis life cycle include findings of Fink in 1986, five stages model of Ian Mitroff in 1994, and the latest model of 2007 by Coombs himself.

The author's point of view is that the model of Coombs can plausibly be called the most detailed and complete, which is the reason why crisis life cycle will be analysed from this perspective. Its feature is that this model already has models of Mitroff and Fink integrated into it, providing the fullest picture on crisis management process.

The Coombs' model divides the process of crisis management into three stages (Lauge et al. p. 3-4):

Pre-crisis period is the crises incubation period when managers should read warning signs, distinguish crisis symptoms and take actions to prevent or avoid the problems. It can be achieved by taking actions in the following practices.

- Signal detection. Crisis management team should use the time to collect as much information about the crisis as possible by analyzing the warning symptoms of the industry.
- Crisis prevention. Managers make their decisions in order to avoid negative impacts that can be dealt if their decisions turn out to be wrong and the troublesome signals evolve into crisis.
- Crisis preparation. However, even if the crisis occurs, the company must be prepared for it by developing and updating crisis management plan, conducting courses of professional training, upgrading their company's systems and calculating strategies and consequences.

The author would like to emphasise attention on such matter of crisis preparation as the process of personnel training and staff professional growth. Companies of the tourism industry struggle hard during challenging crisis times, and their biggest advantage over competitors would be the quality of product and the level of service that the company can offer. In addition to what has been said above, travel industry is built on relations between representatives of different cultures and it means that employees of tourism organization should not only have sufficient level of professionalism in order to deliver required product or service, but also have good communication skills to be able to interact with people appropriately. It means that regular training courses must be organized in any hotel or other travel-related business.

Another important aspect of the preparation process is development and implementation of emergency and crisis manuals. Employees must be aware of what is going on and what should be done in certain situations. Clear guidelines for subordinates are the way to success not only in management but also in crisis leadership.

Crisis event is the period when the impact is dealt and organization faces such times when old system stop working and the company and its internal and ex-

ternal aspects of doing things need to be reviewed. Managers need to successfully implement prepared crisis management strategies to negate possible negative effects or, if possible, turn the situation in the company's favour and use the crisis as the opportunity for development or redesigning of their organizational processes. Certain things need to be done at this stage of the cycle.

- Crisis acknowledgement. Managers check their predictions with the actual state of things and continue the decision making process with new information gained.
- Crisis response. As the first anti-crisis mean crisis management plans and strategies are being performed by special emergency team. In hotel practices this could mean tailored marketing programs or improved customer relations management techniques.

At this stage of crisis strategic methods of the company are being tested and the more attention and expertise was put into the development of the response measures, the more effective and useful for the company they will be. Another crucial component of success in this case would be a skilled manager able to coordinate and control the process of reaction to the crisis. The main aim of these measures at this point is to minimize damage to the organizational structures and such matters as image of the company.

"There are many reasons for inadequate response - such a lack of planning and practice - but unfortunately, too often management are more concerned with messaging and reputation protection than taking action to manage the crisis" (Jaques 2007, p. 11).

Media response is another very important point which must be remembered at this moment of crisis management process. It will be described in more details in the following subchapters. By communicating with media the affected organization can have desired influence on stakeholders who can be a source of help if planned strategies do not work.

Postcrisis period can be considered as reached after the company that is climbing out of crisis is able resume its operations close to the former volume and reactivate the business making it more sustainable and safer in terms of crisis

repetition. During this period managers ought to pay attention to following stages of postcrisis period.

- Recovery. At this stage managers correct the chosen courses of organizational development and internal and external politics.

“In the aftermath of any crisis there is a logical desire to move on as quickly as possible, to resume business as usual. And this is reinforced by commonly available business recovery programs which focus strongly on infrastructure breakdowns such power outages, computer failures and the like. Indeed, many management models present “postcrisis” and “recovery” as synonymous. The reality however is that the risks to an organization post-crisis can be even greater than during the crisis itself.” (Jaques 2007, p. 12.)

The recovery process should be taken with fair amount of responsibility and thoroughness as the company may still remain in a very vulnerable state of increased exposedness to recurrence of dangers.

- Evaluation. This is the moment when analytical and forecasting department of a company makes its analysis, learns from success or failure and revises acquired knowledge (if the organization is still operating).
- Preparation to possible challenges in the future and making conclusions from the recent situation is the very final stage of crisis management process and it must be used in such way that the company would become more prepared to forthcoming possible threats and crises.

As it was said, the Coombs' model of crisis management cycle represents the issue in details and analyses every aspect with a high degree of accuracy. Hopefully the author's comprehension and interpretation of above described model can provide readers a clear overview of the concept of crisis life cycle.

The Crisis / Disaster Lifecycle



This is a **CYCLICAL** process

Figure 4. Crisis Life Cycle. (Tarantino 2014)

4.2 Techniques of crisis management

Crisis management is the process of creating such strategy of maintenance and control over certain organisation that can guarantee its successful operation even with high level of risk. The strategy represents a set of actions related to coordination and distribution of the company's resources with the final aim to reach organisational goals.

As it was mentioned above, the process of resistance to challenges and threats begins with identification of risks, symptoms and type of possible crisis. Probably it is the most important "core" objective that any manager should pursue. In order to develop an adequate crisis response strategy the type and reasons of the crisis must be found out. And only after that, according to pre-developed plan, the process of implementation of some strategy may be commenced.

In the chapters above it was said that technological issues require technological decision, and economic factor requires economic interference. But there are

“standardised” response options used by companies when challenging times come. They were clearly explained in the work of Starosta (2014, p. 256-257):

- Planning activities such as: reviewing mission, vision and goals of the company, adopting a new orientation about market opportunity, searching for new customer segments, introducing new management concepts, implementation of standardised strategic planning
- Proposing activities related to the organisation, for example including delaying repayment of liabilities, acquiring additional capital (e.g. securities, increasing initial capital, loans), changing managerial positions, etc.
- Changing motivational measures, including salary reduction, teamwork stimulation, creation of new motivational systems, change of work organization, cutting staff costs by firing excessive employees.
- Controlling measures by such means as implementing additional financial control, and systematic monitoring of progress and results.

For a more advanced strategy of anti-crisis measures the nature of forthcoming events needs to be analysed, and the course of actions will then be chosen accordingly to the situation. Research of Starosta (2014) has additional great value due to the results of survey of 331 large companies in Poland concerning actions taken during financial crisis. We can see the results from the Figure 5 below.

In accordance with the author’s own research of Imatra region hotels, cost reduction proves to be the most common and anticipated response to crisis situations. Second place is shared by two really common methods of control during challenging periods: reduction of amount of employees and establishing additional monitoring over companies’ financial assets and issues. It seems like these three measures are really common across all industries and in most types of crises.

However, there are examples of companies that managed to benefit from crisis situations by implementing unobvious crisis marketing techniques. Several such cases will be described in the next subchapter.

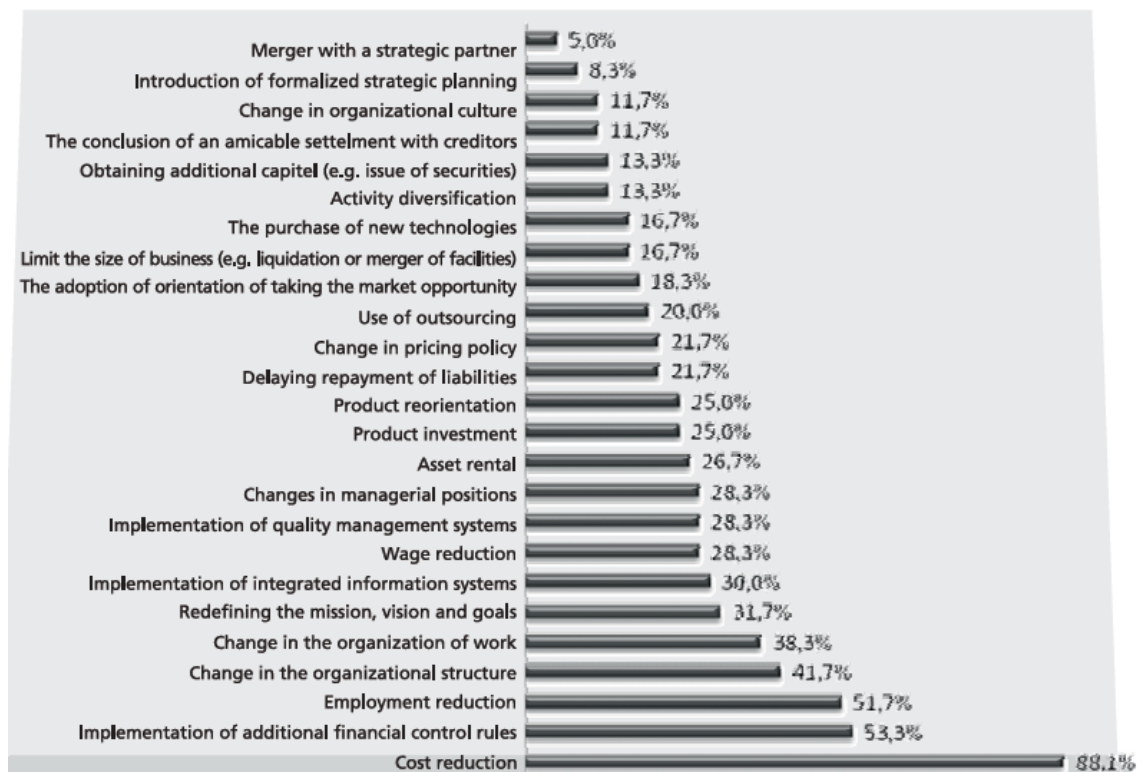


Figure 5. Taken anti-crisis measures. (Starosta 2007, p. 262)

4.3 Methods of crisis and recovery marketing

Crises are considered as destructive and perilous for business events of local, national or international level, but sometimes companies manage to turn the tide and use the crisis situation for development of organization and reorganising current ways of doing business. In every crisis lies an opportunity. Below are presented cases and examples of successful marketing strategies.

4.3.1 The 2004 Indian Ocean earthquake and tsunami.

Tsunami of immense destructive force happened in 2004 near the shores of Thailand and Indonesia. Tourism industry was damaged incredibly hard; hotels and whole streets were completely destroyed because of the impact. In addition, consequential effects did not make the affected destinations wait long.

“Krabi itself was a site of tourism before the tsunami, as a gateway to the off shore islands of Koh Phi Phi and Koh Lanta, and a good starting point for the nearby tourist sites of Ao Nang and Railay Bay. Yet tourism to all parts of Krabi has dwindled, regardless of the local severity of the impact.” (Rigg et al. 2005, p. 375.)

But certain hotels managed to restructure their businesses and select new targeted customer segments, even though the conditions were terrific: sharply reduced tourist flow, destroyed infrastructure in neighbouring regions, loss of image and destination brand, etc.

In Thailand MICE tourists are regarded as “quality visitors” who can afford larger financial expenses in comparison with ordinary leisure travellers (Scott et al. 2010, p. 151). Market segmentation serves various purposes in an organisation’s life: it is designed to find its identity and target audience, but another important feature of it is to avoid unwanted competition by finding some business niche that suits the company best. That is exactly what Thai hoteliers did. Instead of fighting for customers on the torn to pieces market of leisure tourism they moved up market by identifying new target audience and focusing scope of their business especially on MICE customers.

“Business will continue as long as the money has been made. It is short-sighted for MICE companies to say that their business has been wiped out because of the crisis. The reality is that the market has been wiped out, not their business, therefore they need to look ahead and seek other target market.” (Scott et al. 2010, p. 155-156.)

The author’s humble suggestion concerning what could be the reasons for decision making of MICE travellers in time of crisis states that possible reason for increased demand could be the price factor. MICE industry in a country damaged by environmental crisis of such scale would definitely be more budget friendly than in other countries.

4.3.2 Recreating Montenegro after the disintegration of Yugoslavia

The recent history of Balkans, to a common regret and grievance, was full of bloody episodes in the nineties connected with ethnic diversity and hostility and political instability. Current Montenegro faced collapse of tourism market back in 1991 after the beginning of civil war with almost 90% reduction of tourist flow. Due to the fact that at that time the Balkan Mountains were associated with negative aspects as war and ethnical tensions, the Montenegro government decided to create the country’s brand image and replace negative perceptions in customers’ minds by positive images of wild nature, pure ecosystems, and

beautiful natural scenery. In other words, the government started massive marketing campaign dedicated to create positive brand and change the associative bonds of customers' view on the destination. According to Vitic and Ringer in the book of Scott et al. (2010):

“Each unit of the brand is designed to reflect and reinforce for viewers Montenegro’s: geographic location in the Mediterranean region and the physiographic diversity it offers tourists... Relative safety and low level of personal risk for tourists from crime, terrorism, or disease... Education, skills, and professional capabilities of Montenegro’s tourism industry for greater number of visitors.” (Scott et al. 2010, p. 132.)

Master tourism development plan was prepared, brand marketing campaign was launched, and SWOT analysis was conducted. These three aspects played a huge role in the gradual becoming of Montenegro an internationally recognised tourism destination, while countries that did not implement any tourism development plans and strategies stay on much lower level comparing with tourism potential of Montenegro.

5 Case hotels

As part of this thesis research, the author decided to conduct a small-scale investigation of results of companies in Imatra region in facing the challenging period of Nov. 2014 – Apr. 2015. As it was said in the introduction, four hotel managers were interviewed using semi-structured interview method with objectives to study strategies of local companies and learn from their success or misfortune. All of them belong to different star categories and provide different amenities and services for different target groups. It is plausible to suggest that the methods and strategies used by them also differed from each other.

5.1 Center Hotel Imatra – 3*

The author is sorry to say this but for this company the recession was a total surprise. According to information gained from the interview with the hotel manager, the challenging period started in December 2014 and is continuing until present. When it all started the company was totally unprepared for forthcoming

difficulties, as no forecasts had been made and no crisis response or management plan had been developed.

As the result this hotel totally lost the segment of Russian customers, however being able to maintain balance by attracting Finnish customers and Finnish businessmen and workers. Some Russians could occasionally appear at the hotel but mainly because of pre-bookings.

The first and for a long time the only measure taken by management was reduction of prices by 20-30%. The situation seemed more difficult than expected due to the location of the company's owners, who are from Denmark, and the company's head office in Helsinki. The company owners and top managers simply could not observe the situation from such distance and at first they refused to believe in such drop of tourist flow. Top managers in Helsinki, which practically suffered no damage from the Russian recession, believed in the gravity of the situation only after they saw the numbers and terrifying results of mismanaged crisis.

Furthermore, as it turned out, the hotel has absolutely no loyal customer system, which is really strange and short-sighted, especially in such situation. The management sees the only solution to the current problems in stabilisation of situation by the growth of tourist flow and the return of Russian customers. Also some hopes are put on local events like Black and White Theatre which are able to temporarily revitalise tourism industry in the area.

5.2 Rento Hotel Imatra – 3*

Another three-star hotel of Imatra, but with totally different location – in the middle of forest but close to ice hockey arena and other sportive attractions (frisbee golf, football pitch, etc.).

In this hotel the management noticed the symptoms of recession in the middle of November 2014, and according to their words, it is still going on, though in much lesser scale than earlier. The challenging period started with cancellations of booked rooms and “forced” arrivals, when Russian customers were able to get to the destination, but had no purchasing power for additional expenses on

site. Flow of Russian travellers dropped approximately by 50%, forming current base of customers in this proportion: ~70% of Finnish customers and ~30% of Russians. One of the methods to compensate the lack of Russian tourists is focusing scope of business on Finnish customers and especially on sport teams, which choose this accommodation due to its convenient location in proximity to major sport attractions of Imatra.

The first reaction for the challenging period was lowering the price and providing only accommodation without breakfast. Soon it was found out that no breakfasts is a totally inappropriate idea because tourists still want full service.

Luckily for this company some advancement in crisis management became notable already in March, which led to gradual recovery from the crisis. Even though at first no preventive methods were implemented and no crisis management strategy was developed, as the outcome of the recession the manager decided to develop a strategy for possible future issues, as well as to carefully monitor rates of dollar, euro and rouble. The hotel does not have any loyal customer programme, but provides discount for extended stays in attempts to attract customers for longer terms of stay.

In the future perspective it is planned to search for partners and to design a more planned pricing policy.

5.3 Imatran Kylpylä SPA – 4*

According to this hotel manager's words, they started feeling symptoms of forthcoming recession approximately 1 year before it actually came. Probable causes for this are their very long term operation in this area and experience from previous crises (for example, in 2008).

The company was prepared for upcoming challenges by carefully monitoring statistics and tendencies. So, in 2012 there was 25% reduction of the flow of customers, in 2013 – already 50%. It means that there was no sharp decline, and the company was more or less prepared for possible crisis. In conclusion they have a developed strategy aiming targeted customers and implementing strategies of crisis marketing. As the first measure they also cut prices on cer-

tain services and re-organised several activities in order to achieve maximum efficiency and cut possible costs.

5.4 Holiday Club Saimaa – 4*

The manager of probably one of the core and symbolic hotels of the Imatra area admitted that the hotel faced the recession also unprepared for the impact. It all started in September – October 2014 when the flow of Russian travellers started to decline gradually. According to the manager, the period is still going on, but it is getting better every week as the Russian currency grows in strength again.

If before the balance of customers was ~60% of Finnish and 40% of Russian customers, then with the beginning of the period ~70% of Finnish and only 30% of Russian customers. In comparison to other companies the difference is not so large, mainly because of the qualities of Holiday Club's targeted customer segments. They target businessmen, families, and other representatives of solid middle class. At the same time MICE customers are being targeted, as they also are regarded in this area as "quality customers".

Despite the fact that the symptoms of the recession could be noted in advance starting from September, stable monthly 10% growth was continuing until November when the tourism industry received the full impact of the situation, and the growth stopped completely.

First measures of cutting expenses, crisis marketing strategy all across Finland, reduction of employees and implementation of crisis management strategies were taken in order to get the situation under control. And in the manager's opinion it really worked. The only unfortunate decision made during the period was setting too low rooms prices. Getting back to "quality" customers, the manager of Holiday Club confessed that he should not have set the price level on 120 euro per night, because as it later turned out, they could easily be sold even for 200 euro per night. This is a very vivid example of selecting right customer segments that will be able to maintain their purchasing power even during financial crises.

5.5 Results

From this small but useful research the author managed to see the difference in styles of crisis management, possible solutions for potential threats and crisis symptoms, and became even surer that crisis marketing and management strategies play crucial role in successful surviving through some risky situation. There can be seen a clear connection between the level of development of crisis strategies and level of success in terms of such indicators of hotel efficiency as RevPAR, hotel occupancy rate, etc.

6 Customer survey

The survey was conducted among Russian customers in order to learn their perspective on the troublesome period of reduced tourist flow in Imatra and state of tourism industry in Imatra in general. Below are described the sample size, aims and objectives, reasons and justifications, implementation process description, and finally the results of the survey.

6.1 Sample size and aims

The sample size for this survey was not too large – only 100 persons. Nevertheless, due to qualitative nature of this research, it was enough to form conceptions of the customers' buying behaviour, purchase motivation, and preferences concerning products and services in the region of Imatra. All these aims (successfully reached with the help of this survey) were complemented with secondary objective which was to find out what products or services could possibly be missing from the local market.

6.2 Implementation

The survey was conducted autonomously with the help of travel agency MIG Travel located in Saint-Petersburg, Russia. It is a small-scale (only 4 employees) travel company with unproportionally broad customer database. The purpose of conducting the survey lies in several simple reasons. The first one was that people would more willingly tell what they think about in a friendly atmosphere and to somebody they personally know, because the target group for the

questionnaire was set to be repetitive customers of the travel agency of the age of 20-60 years. It is certain that this method of gathering information using third parties is not only more convenient, but also more trustworthy as people did not have to answer questions in a rush in the middle of some shopping mall or a hotel lobby.

6.3 Results

Number of surveyed: 100 (71 male, 29 female)

Average age: 37.3 years

Nationalities: only Russian customers

Favourite destination in Finland? Answers to this question, of course, varied but in general the majority (82%) stated that it all depends on the season and were unable to define their really favourite destination, while the rest of respondents (18%) straightaway mentioned Imatra, Lappeenranta, Helsinki or Tampere. Russian customers in general prefer the following destinations: South Karelia (Lappeenranta, Savonlinna, Imatra) (all year round), Helsinki (also all year round), and Lapland ski resorts in winter or during ruska (3% even mentioned this term which means mid-autumn in Lapland).

Most often visited destination in Finland? The respondents divided in their preferences here. Most people (61%) named South Karelia (because of short-term shopping tours and a need to “open” a European visa), smaller group (26%) named Helsinki (shopping and culture), fair amount named the West coast (11%) (mainly due to business related reasons) and absolute minority (2%) named Kouvola (relatives living there).

Favourite type of accommodation during trips to Finland? Why? 47% voted for cottages, while 35% prefer 3-4* hotels, and 18% prefer 5* hotels, which is quite a lot if thinking about the recent financial crisis in Russia. This once again proves that some Russians in this area can be regarded as “quality” customers who do not think too much about expenses. Absolute majority (89%) named high quality of service and products as the main reason for stay.

Number of trips to Finland before the crisis and nowadays? The average number of trips before the crisis among all respondents was 2.2 times per month, while during the crisis the number dropped to 1.4. The drop is not surprising taking into consideration the fluctuations of Russian currency.

Main factors influencing your choice of accommodation? Price – 80%, Infrastructure – 49%, Location – 74%, Quality/Price ratio – 87%. Infrastructure plays not so important role as quite many respondents who care less about surrounding infrastructure prefer having their leisure time in a cottage, not a hotel.

Customers' thoughts about quality/price ratio of accommodation in Imatra? Opinions once again differ on this issue. 58% suppose that the price is too high, especially if counted in roubles when the Russian economy has not yet stabilized completely. 14 % do not really care as they did not feel any terrible financial crisis impact and still have same purchasing power as before. 28% find the price fair and appropriate for the level of quality and service. Most respondents agreed that the ratio in hotel industry is fair, while prices for most cottages are set inadequately high because of lower competition in this specific segment.

What could persuade you to come to Imatra even during the crisis period? 64% answered without much hesitation that lower price for the same kind of services or products would be able to change their minds. 39% mentioned that the quality of local products (talking mainly about grocery products) is the major reason that still makes them come to Imatra even during the crisis period. 16% refrained from answering this question.

What is your favourite product in the Imatra region? 67% voted for grocery and chemical products, 72% voted for accommodation options, and 89% mentioned shopping.

What is your favourite service in the region? 78% - SPA (quite good indicator), 17% - museums, excursions and cultural enrichment (possibility for development of this sphere).

What products or services are in your opinion missing in the Imatra region? Several really good, promising ideas were mentioned. The author was really

surprised to hear that some Russian customers really need a car workshop with services in Russian, as it would be much more credible and trustworthy to pass technical vehicle inspection in Finland. Possible reason for this is extended level of trust to Finnish companies and perception of everything European as superior comparing to goods of Russian origin. Secondly, many Russian customers stated that they would appreciate medical services of Finnish quality with service in Russian language. Word of mouth is spreading fast, and many Russians have already heard about oncological and dental clinics in Helsinki. Despite high prices on healthcare many respondents admitted that they would rather pass an effective but costly European treatment instead of relatively cheap Russian treatment but of worse quality.

7 Summary

In the changing circumstances of modern tourism business where opportunities as well as threats may come from any direction and cause different consequences it is crucial to be prepared and ready for possible dangers. Crisis management is one of the tools used to foresee, prevent or stabilise risky situations, negating as much as possible the harm caused to companies.

But with the flow of time such dangerous situations become more and more complicated as tourism industry develops and interacts with other industries and domains of crisis (economic, technological, etc.). This shows that modern travel industry requires highly trained professionals on every level of service.

Any company struggling to become successful must have a developed emergency plan for crisis situations in order to manage the situation with minimum harm for the company. In addition, a professional in the sphere of crisis management is sometimes able even to turn the tide and turn perilous situation threatening the existence of his company into an innovative approach to business, which can in future bring immense benefits as it was proven by Thai and many more other hoteliers.

It is really confusing to see that even though the subject of crisis management has already been researched by numerous scientists and experts many com-

panies still neglect developing their own crisis management strategy and just hope for the best. Such approach is simply short-sighted because the companies' profitability and success in crisis situation are directly interrelated with the level of preparedness for it. Such obvious fact is often forgotten but when a disaster or recession comes, it is too late to mourn and start doing something. In order to prevent it from happening, organizations involved in travel industry need specialists in the field of crisis management.

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